

Budget Message – Fiscal Years 2022-24

Overview

The City continues to have concerns with long-term challenges to the health of our General Fund. The County-wide Use Tax on the April 2022 ballot failed, which means our Use Tax receipts for the year fell by about \$32,000. We have recovered to about 50% of that level over the past two years. We do continue to hold the line on expenses, although costs for liability and property insurance coverage have more than doubled in the past two years and the cost of our annual outside audit have increased substantially. In 2024 we are evaluating how we can reduce both of these budget line items. The Board continues to balance the needs of our residents, the health of our other funds, and our aging infrastructure against the fiscal realities of limits on revenues. Seeking matching grants wherever possible, be they for equipment, services, or infrastructure repair, is essential and will continue to be a priority. In 2023 we won a larger (\$25,000) forestry grant from the Missouri Department of Conservation and also took advantage of the MSD OMCI program to help pay for stormwater abatement on our City parking lot. That grant was worth \$28,620. Over the past several years we have also made use of the federal Community Development Block Grant program to do sidewalk repairs on a number of streets, most recently on the west side of Delavan. These small CDBG grants don't go very far, but thanks to Alderman Jan Nelson, we've been able to stretch them further and line up decent contractors to do this work.

Overall, our revenues for the year exceeded budget by approximately \$52,000 and expenditures exceeded budget by about \$60,000.

The information provided in this budget message was current as of the end of FY 2023, December 31. As the results of our annual audit become available and performance to budget is monitored, changes are expected. The Board will do a comprehensive review at mid-year and adjust the budget as required.

Bel-Nor's City budget consists of seven separate funds managed individually, as shown below:

1. The **General Fund**, which is the largest of the seven, receives revenues from grants, court fines, rental income, licenses and permits, and taxes and fees. Expenses paid out of the GF include salaries and benefits, professional services, building costs, insurance, operation of our municipal court, most of our police services, and items such as street repairs, parkway maintenance, snow removal, and tree trimming and removal. A high-level breakdown of the General Fund will be made available on the City website.
2. The **Capital Improvement** fund, which receives revenue from a separate 1% sales tax collected by the Missouri Department of Revenue and deposited into a separate checking account. The CI fund pays for building improvements, police equipment, City-owned vehicles, office equipment leases, and street or parkway improvements. Over the last three years the CI fund has also been used to manage cash flow of grant revenues received from the St. Louis County Municipal Park Grant Commission, which paid for approximately 90% the Horatio Park Trail in 2019 and the improvements to the Clearview and Arlmont islands in 2021. In 2023 we applied for and won an additional

\$198,442 grant to build a small playground on Clearview island near the new plaza. Work will begin soon and should be completed by mid-year.

3. The **Sewer Lateral** fund takes in revenue from an annual assessment paid by all property owners to fund an insurance program which reimburses homeowners up to \$3,000 for repairs to damaged or broken sewer laterals. In 2020 residents voted to increase the Sewer Lateral fee from \$28.00 per year to \$50.00, because the program had been spending more than it was taking in for a number of years.
4. The **Public Safety** fund receives revenue from the 0.5% “Prop P” sales tax passed by St. Louis County voters in 2017, for which collection began in 2018. In December of 2018 the Board of Aldermen adopted Ordinance 1011, which limited expenditure of Public Safety funds to police department salaries and benefits, operational expenses such as dispatching and education; street lighting; and policies which protect the health, safety and welfare of residents. In 2023 PS funds were also used to offset the cost of getting our police department fully accredited as required by Senate Bill 5. We also apply some of this Public Safety funding to support police department salaries and benefits.
5. In 2021 a new fund was established to manage revenue from the **American Rescue Plan Act (ARPA)**. On Jan 27, 2022, the federal government (Treasury Department) issued its final rule for the program, which allows cities such as Bel-Nor to use this money to:
 - a. Replace lost public sector revenue (up to \$10M)
 - b. Respond to the far-reaching public health and negative economic impacts of the pandemic; including economic development
 - c. Provide premium pay for essential workers
 - d. Invest in water, sewer, and broadband infrastructure

To date very most of our allocated funds have been spent; in 2023 the Board used this windfall to fund the stormwater abatement project on the parking lot and help pay for the reconstruction of the restaurant space formerly occupied by Breakaway Cafe.

In addition to the five funds detailed above, the City maintains a small reserve fund with Simmons Bank and two bank accounts with UMB; one for the funds remaining from the bond issue related to the Normandy/Arlmont street project in 2017 and one for debt service payments on the bond issue.

Highlights from our 2023 fiscal year results and impact on the FY2024 budget:

Revenues

1. Sales and Use Tax collections rose slightly in 2023. While these taxes have remained generally level over the past three years, we are taking a conservative approach to anticipated revenue for 2024. Unfortunately, there is legislation pending in the State Legislature to remove the sales tax on food state-wide, which would have a significant impact on our “B Pool” sales tax receipts. The County Municipal League and Missouri Municipal League are both lobbying strongly to defeat these proposals.
2. Fees collected on rental properties, vacant properties, and permits were about level over the past two years. These fees increased significantly since 2019 due to the diligent efforts of Alderman McBride and our City staff, who have worked hard to clean up vacant and rental property cases and ensure occupancy permits are up to date. In April

2020 residents voted to allow the City to levy an annual fee on all rental property in order to offset the extra cost of administering the properties by City Hall. We also strengthened our oversight of vacant properties in the City and began collecting an annual fee (authorized in 2003) for those. The City now has a process by which we can notify the St. Louis County Collector of Revenue to place various fees for registration and nuisance abatement on property tax bills, which has worked out well.

3. Court fines income continues to be a drag on our General Fund, although it rebounded well in 2023. In 2023, the cost of operating the court exceeded revenues by \$20,000. We hope to see that gap shrink further in 2024. Back in the early COVID era (2020) the gap was as much as \$50,000, but we made a conscious decision to continue to operate our own municipal court as part of the 21st Judicial Circuit in St. Louis County.
4. We expect to see a \$21,000 increase in revenue with the opening of the new Sundance Café in the old Breakaway space. The City has entered into a one-year lease with the operator of Sundance, with two five-year option periods to follow. We also expect to see a slight bump in revenues after the update to the Normandie Golf Course is completed. This will be in terms of business and liquor licenses as well as local sales taxes.
5. We have also listed a City-owned lot at 2964 Andover Dr. for sale. This is a build-able lot and may become a more attractive piece of property as the golf course renovations get underway. The lot is listed at \$39,999.
6. There is a potential Transportation Development District (TDD) encompassing the communities that make up the 24:1 municipal partnership that will be on the ballot in November of 2024. In November of 2022 the Board approved a resolution declaring our intent to participate in the development of the TDD, which would collect up to a 1% sales tax in the jurisdictions covered. The planners estimate that Bel-Nor could receive \$40,000-\$80,000 in funding for any transportation-related projects (streets, sidewalks, etc.), depending on how the revenues are allocated. This funding would be a welcome addition to our Capital Improvement revenues as we have significant infrastructure repair needs throughout the City.

Expenditures

1. We spent approximately the same for Professional Services in 2023 compared to 2022. We are continuing to pay a settlement of \$80,000 to the ACLU, which brought a lawsuit over yard signs on behalf of one of our residents. We are paying off this settlement over a five-year period at \$16,000 per year and have two more payments to make.
2. In the area of Administration, we saw a 100% increase in audit fees from 2022 to 2023. Most other expenses were steady, except for the cost of a special election in August.
3. Insurance costs continue to climb; up 85% since 2022. We continue to be rated highly by our insurer, MIRMA, in their annual risk evaluations, but the numbers reflect more than just our situation. Insurance providers nationwide have been raising rates. We are actively seeking a new provider for our liability, property, and workman's comp coverage.
4. Salaries and benefits of the Police Department remained relatively stable over the three-year period documented in this report. In November of 2018 we switched health

insurance providers and began offering all full-time employees family coverage along with voluntary vision and dental benefits as a means of retaining experienced and dedicated employees. We expect PD salaries to rise by about \$24,000 in 2024 due to a wage increase (the first since June of 2022). We are in line for a \$10,000 Local Law Enforcement grant to be used toward the purchase of a new police vehicle. In November 2022 we entered into a lease agreement for new police radios with Motorola, and in 2023 purchased new radar equipment which will be useful in traffic enforcement.

5. In the Capital Improvement fund, 2021 was the last year for Park Grant revenues used to improve our green space in the City, including building the Horatio Park Trail and Clearview Plaza and purchasing a new gazebo for the island at Audrain and Arlmont. In 2024 we will be making use of a new County Municipal Park grant to build a small playground next to Clearview Plaza. Over the past few years, we have had major tuckpointing, plaster repair, and painting done at City Hall and in our upstairs apartment, replaced windows in the apartment, repaired the roof, installed new City signs, acquired a replacement City truck, entered into a lease-purchase agreement for a new City police vehicle, installed a new HVAC system for portions of City Hall, replaced the old City Hall entrance door and purchased an awning over the new door, and caught up with other deferred maintenance in and around the City. Six other doors at City Hall and our restaurant space are also being replaced, some to comply with Police Department accreditation requirements, and others to improve security and energy conservation. In 2022 and 2023 we invested heavily in repairs and new equipment for the restaurant space vacated after the Breakaway fire in November 2021. We also decided to purchase that portion of the parking lot adjacent to City Hall which we did not own when the old Asadorian Rug building changed hands, in order to be able to execute our ARPA stormwater project and have complete control of the parking for City Hall and the restaurant. We acquired the lot for less than its appraised value, paying \$45,000 over four installments. The final two payments of \$10,000 each are due in 2024 and 2025.

In summary, we still face challenges in shoring up our financial health while addressing infrastructure needs and increasing costs of goods and services. I feel the current Board is clear-eyed about facing these challenges and finding ways to deal with them.

Please address any questions to me or any of our elected officials. Our contact information is widely accessible on the website or from City Hall.

William D. Hook

Mayor

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January 15, 2024